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DEPARTMENT OF STATE

Washington, D.C. 20520

Attention Mrs. Mueller

Keep this study together.

December 1, 2

DEPARTMENT OF STATE A/CDC/MR MAY 1982

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MEMORANDUM FOR MR. HENRY A. KISSINGER
THE WHITE HOUSE

Subject: Civil Aviation Talks with Italy

Informal talks were held ~~with Italian representatives~~ in Washington November 10 to 17, 1969 as part of our continuing effort to reach a new air transport agreement, the previous agreement having been denounced by Italy in 1966. The talks concentrated on the three areas of major difficulty: multiple designation of carriers, regulation of all-cargo services and routes. While routes were largely disposed of during these talks and are no longer considered an important issue, the other questions still present difficulties. A memorandum outlining the positions of the two sides at the close of the talks is attached.

The two sides are too far apart to move now to formal negotiations, but the respective positions have been clarified. We are now considering whether further movement on our part might be possible.

Preliminary discussions with the U.S. industry since the talks have indicated some disposition to compromise further with the Italians on the part of certain carriers. We are now considering the desirability of further informal talks after the first of the year.

for Theodore L. Eliot, Jr.
Executive Secretary

Attachment:

Memorandum.

Clearances:
E/AN - Mr. Rodriguez
E/OA - Mr. Meadows
EUR/AIS - Mr. White
E/T - Mr. Loy
E - Mr. Trezise

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ITALIAN CONSULTATIONS

Status of Major Issues at Close of November 1969 Discussions

1. Multiple Designation

A. United States Position

The United States has offered Italy a choice of two approaches to the question of multiple designation:

1. If the United States has complete freedom to designate the existing two combination carriers from any point in the United States (i.e., route description "From the United States"), the United States could agree to a priori consultations and agreement with Italy before designating any new combination carriers. With respect to Dallas the United States could designate without cost one carrier, existing or new, on a Dallas route via one co-terminal in the U.S. Subsequent new carriers would be subject to a priori consultation.

2. The United States would specify points in the U.S. from which the existing two combination carriers would operate. (These would include presently certificated rights, i.e., two carriers at nine points and one carrier at three points.) With respect to new points for existing carriers and all services for new carriers, the United States would agree to ex post facto consultations, provided that through-plane services from points behind-the-gateway could be operated without limitation. Dallas would be considered a new point for an existing carrier or a new service for a new carrier.

B. Italian Position

The Italians would accept the term "From the United States" in the Route Schedule but would insist on having points of departure specified in the side understanding. The number of agreed points of departure is still open for discussion. Only the existing carriers could operate initially from the agreed points of departure. Existing carriers could operate from new points (points other than the agreed points) subject to ex post facto consultation. All services by new carriers would be subject to a priori consultations and agreement, i.e., veto. For the purpose of these arrangements, behind-the-gateway points are new points. Ex post facto consultations are acceptable as stated assuming satisfactory arrangements are included

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for remedies if consultations are unsuccessful, i.e. either automatic payment to Italians or automatic penalties to the U.S. (The U.S. indicated its willingness to search for such remedies.)

II. All-Cargo

A. United States Position

The United States indicated it was prepared to accept the non-application of the capacity and route provisions of the agreement during a special period and suggested that it be a two-year period, at the end of which all-cargo would come completely under the agreement. In the special period U.S. all-cargo services could increase in accordance with an agreed program. No limitations were mentioned on Italian services.

B. Italian Position

The Italians appeared to agree that, with the exception of the capacity and route provisions, the standard provisions of the agreement would apply to all-cargo services during the special period. The special period would last three years, at the end of which there would be consultations to determine what long-term arrangements would prevail. If no agreement is reached in consultations, the special period would presumably be extended for a further three-year period. The Italians appeared prepared to discuss a program of increases but at no time accepted explicitly that all-cargo at some point would come under the capacity and route provisions of the Agreement.

III. Routes

Both sides are apparently agreed on the route schedule outlined in US Working Paper No. 3. However, the Italian side said that they did not consider their route request final until the moment of signature of an agreement.

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